



August 27, 2007

A handwritten signature in black ink, appearing to be 'EL' followed by a long horizontal stroke.

TO: Glen Wilson, Commissioner
Edward Garvey, Deputy Commissioner
THROUGH: Marya White, Manager *mw*
FROM: William Cole Storm, Staff
Department Routing & Siting Unit (Tel: 651-296-9535)
RE: Department Staff Recommendation:
(1) Content of the Environmental Report, PUC Docket No. ET2/CN-07-678
(2) Scoping Decision Environmental Impact Statement, PUC Docket No. ET2/GS-07-715
Great River Energy's proposed Elk River Peaking Station

ACTION REQUIRED: Signature of the Commissioner on the "Content of the Environmental Report" and on the "Scoping Decision for the Environmental Impact Statement." Once signed, the Department of Commerce (Department) staff will mail notices of the orders to interested parties and begin preparation of the two documents.

BACKGROUND: May 18, 2007, Great River Energy (GRE) submitted an application for a Certificate of Need (CON) for the proposed Elk River Peaking Station. The PUC issued an Order finding the CON application to be substantially complete on June 19, 2007. The docket number for this filing is ET2/CN-07-678.

On June 14, 2007, GRE submitted an application for a Site Permit for the proposed Elk River Peaking Station. The PUC issued an Order finding the Site Permit application to be complete on August 1, 2007, and authorized the Department to initiate the full review process under Minn. Rules 7845.5010 to .6500. The docket number for this filing is ET2/GS-07-715.

Certificate of Need Docket

As part of PUC review of an application for a certificate of need of a large electric power generating plant (LEPGP), the Department is required to prepare a document called an Environmental Report (ER). Minn. Rules 7849.7030. The ER must contain information on the human and environmental impacts of the proposed project associated with the size, type, and timing of the project, system configurations, and voltage. The environmental report must also contain information on alternatives to the proposed project and address mitigating measures for anticipated adverse impacts.

Minnesota Rule 7849.7100, Joint Proceeding, provides that Department may elect to prepare an environmental impact statement in lieu of the environmental report required under part 7849.7030 if the applicant and the PUC agree to the additional time that will be required to prepare the environmental impact statement. Due to the difference in timing of the CON and Site Permitting process, combining the two environmental review documents does not appear to be warranted. In addition, the applicant requested that the documents not be combined.

Site Permit Docket

The addition of this generating unit at the Elk River site falls within the definition of a LEPPG in the Power Plant Siting Act and, thus, requires a Site Permit from the Commission prior to construction. Minnesota rules 7845.5010 to .6500 provide for three different procedures for obtaining a site permit: full review, alternative review, and local review. GRE is applying for a site permit following the full review process. The project is not eligible for the alternative process because the proposed unit will be fueled by both natural gas and fuel oil. In the full review process, the applicant must identify in the application the preferred site for the power plant and one alternative site, respectively Elk River and Rosemount.

The Department Energy Facility Permitting (EFP) staff prepares a document called an Environmental Impact Statement (EIS). An EIS is a written document that describes the human and environmental impacts of a proposed large electric power generating plant (and selected alternative sites) and methods to mitigate such impacts. The public has the opportunity to comment on the scope of the EIS and the draft EIS through comment periods and at the Department sponsored information/scoping meetings.

Scoping Process for ER and EIS

Two public information/scoping meetings were held, August 17, 2007 (Elk River) and August 18, 2007 (Rosemount). Approximately 12 persons, excluding Department/PUC staff and the applicant's representatives, attended the meetings. The purpose of the public meetings was to provide the public with information about the project, afford the public an opportunity to ask questions and present comments, and to solicit input on the content of the ER and the scope of the EIS documents.

During the initial public information/scoping meetings concerns raised regarding need included fuel type, load service area, simple cycle versus combined cycle operation, and cost of electricity. On the siting application concerns raised included air emissions, water usage, potential for future expansion, future plans for the alternative site (i.e., Rosemount), and potential noise impacts.

One comment letter was received regarding GRE's proposed Elk River peaking station; a request that the use of utility scale batteries be considered in place of the natural gas facility. These issues, along with the typical LEPGP siting impacts, have been incorporated into the proposed Orders on the Content of the Environmental Report and the Scope for the Environmental Impact Statement.

SCHEDULE: The Environmental Report will be completed by November, 2007. The draft EIS also will be completed in November 2007.

CC: Deb Pile, Supervisor



**In the Matter of Great River Energy's
Application for Certificate of Need for a Large
Electric Power Generating Plant in Sherburne
County.**

**CONTENT OF THE ENVIRONMENTAL
REPORT
COMMISSIONER DECISION**

PUC Docket No. ET2/CN-07-678

The above matter has come before the Commissioner of the Department of Commerce (the Department) for a decision on the content of the Environmental Report (ER) to be prepared in consideration of the Application for a Certificate of Need from Great River Energy (GRE) on the proposed Elk River Peaking Station project.

The Department's Energy Facility Permitting (EFP) staff held public meetings on July 31, 2007, and August 1, 2007, in the towns of Elk River and Rosemount, respectively. The purpose of the meetings was to provide the public with information on the two projects and to solicit input into the content of the ER. The public was given until August 13, 2007, to submit written comments.

Having reviewed the matter, and having consulted with staff, I hereby make the following Order on the content of the ER:

MATTERS TO BE ADDRESSED

The ER will address the following matters for each of the proposed projects:

- 1.0 INTRODUCTION**
 - 1.1 Project Description
 - 1.2 Project Location
 - 1.3 Project Purpose
 - 1.4 Sources of Information
- 2.0 REGULATORY FRAMEWORK**
 - 2.1 PUC Certification Requirement
 - 2.2 Environmental Report Requirement
- 3.0 ALTERNATIVES TO THE PROPOSED LEPGP**
 - 3.1 No-build Alternative
 - 3.2 Demand Side Management
 - 3.3 Purchase Power
 - 3.3.1 Long term Purchase Power
 - 3.3.2 Short term Purchase Power
 - 3.4 Alternative Fuels/Generation
 - 3.4.1 Fossil Fuel Technologies
 - 3.4.2 Utility Scale Batteries
 - 3.4.3 Combined-cycle

- 3.4.4 Renewable Resource Technologies
- 3.4.5 Emerging Technologies
- 3.5 Up-grading Existing Facilities
- 3.6 New Transmission
- 4.0 POTENTIAL IMPACTS AND MITIGATION**
 - 4.1 Air Emissions
 - 4.3 Water Resource Requirements
 - 4.4 Solid and Hazardous Waste Generation
 - 4.5 Noise
 - 4.6 Traffic
 - 4.7 Land Requirements
 - 4.8 Aesthetics/Visual Impacts
 - 4.9 Public Service Requirements
- 5.0 PERMITS AND APPROVALS REQUIRED**

ISSUES OUTSIDE OF THE ENVIRONMENTAL REPORT

The ER will only identify the general potential impacts from the construction, operation, and maintenance of the proposed LEPGP and the measures generally available to mitigate these potential impacts. Site specific concerns will be addressed in the subsequent LEPGP Site Permitting process and the Environmental Impact Statement (EIS).

SCHEDULE

The ER shall be completed in November 2007.

Signed this 30 day of Aug, 2007

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



Glenn Wilson, Commissioner



**In the Matter of Great River Energy's
Application for Site Permit for a Large
Electric Power Generating Plant in Sherburne
County.**

**ENVIRONMENTAL IMPACT STATEMENT
SCOPING DECISION**

PUC Docket No. ET2/GS-07-715

The above matter has come before the Commissioner of the Department of Commerce (the Department) for a decision on the scope of the Environmental Impact Statement (EIS) to be prepared in consideration of the Application for a Large Electric Power Generating Plant (LEPGP) Site Permit from Great River Energy (GRE) on the proposed Elk River Peaking Station project.

The Department's Energy Facility Permitting (EFP) staff held public meetings on July 31, 2007, and August 1, 2007, in the towns of Elk River and Rosemount, respectively. The purpose of the meetings was to provide the public with information on the two projects and to solicit input into the scope of the EIS. The public was given until August 13, 2007, to submit written comments.

Having reviewed the matter, and having consulted with staff, I hereby make the following decision on the Scope of the EIS:

MATTERS TO BE ADDRESSED

The EIS will address the following matters:

- 1.0 OVERVIEW
- 2.0 INTRODUCTION
 - 2.1 Project Description
 - 2.1.1 Description of Power Generating Equipment and Processes
 - 2.1.2 Air Emissions Control Equipment
 - 2.1.3 Water Use
 - 2.1.4 Wastewater
 - 2.1.5 Solid and Hazardous Waste Generation
 - 2.1.6 Fuel Supply
 - 2.1.7 Construction
 - 2.1.8 Electrical Interconnection
 - 2.1.9 Pipeline
 - 2.2 Purpose
 - 2.3 Sources of Information
- 3.0 REGULATORY FRAMEWORK
 - 3.1 Certificate of Need Requirements
 - 3.2 LEPPG Site Permit Requirements
- 4.0 ALTERNATIVES SITE: ROSEMOUNT

-
- 5.0 ENVIRONMENTAL SETTING
 - 5.1 Air Quality
 - 5.2 Land Use
 - 5.3 Natural Resources
 - 5.4 Visual Aesthetics
 - 5.5 Archeological and Historic Resources
 - 5.6 Transportation
 - 5.7 Socioeconomics
 - 5.8 Noise
 - 6.0 HUMAN and ENVIRONMENTAL IMPACTS
 - 6.1 Air Quality
 - Criteria Air Pollutant Emissions*
 - NAAQS Modeling*
 - HAPs*
 - Air Emissions Risk Analysis*
 - Other*
 - 6.2 Land Use
 - Zoning & Displacement*
 - Agricultural & Farmland*
 - 6.3 Natural Resources
 - Flora*
 - Fauna*
 - Rare & Unique Natural Resources*
 - Recreational Sites*
 - Prohibited Sites*
 - Forestry*
 - Mining*
 - 6.4 Visual Aesthetics
 - 6.5 Archeological and Historic Resources
 - 6.6 Transportation
 - 6.7 Socioeconomics
 - 6.8 Water Resources
 - Surface Water*
 - Groundwater*
 - Wetland/Floodplains*
 - Stormwater Management*
 - 6.9 Waste Management & Disposal
 - 6.10 Noise
 - 6.11 Public Services
 - 7.0 SUMMARY OF MITIGATIVE MEASURES
 - 8.0 ACRONYMS, ABBREVIATIONS and DEFINITIONS

ISSUES OUTSIDE OF THE ENVIRONMENTAL REPORT

The Department will not, as part of the draft EIS, consider whether a different size or different type plant should be built. Nor will the Department consider the no-build option.

SCHEDULE

The draft EIS shall be completed in November 2007.

Signed this 30 day of Aug, 2007

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



Glenn Wilson, Commissioner